

May 27, 2003

Honorable Don Nickles
Chairman
Committee on Budget
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

CBO has prepared an estimate of the costs of implementing H.R. 2185, which was cleared by the Congress on May 23, 2003. This act would extend through the end of calendar year 2003 the emergency unemployment compensation program established by Public Law 107-147, as amended by Public Law 108-1.

H.R. 2185 would provide up to 26 weeks of additional benefits to those unemployed individuals who exhaust their regular state benefits. Under this act, up to 13 weeks of additional benefits would be available in all states, with another 13 weeks available only in states with high unemployment, as originally defined in Public Law 107-147. H.R. 2185 would allow unemployed individuals who exhaust their regular state benefits and begin collecting emergency benefits by December 31, 2003, to continue to collect them until March 31, 2004.

CBO estimates that H.R. 2185 would increase outlays by a total of \$7.9 billion over the fiscal years 2003 and 2004. It would also result in \$1.4 billion in increased revenues from state unemployment taxes over the 2004-2010 period. (Those receipts would be recorded as federal revenues.) The estimated budgetary impact of this legislation is shown in the following table.

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By Fiscal Year, in Millions of Dollars

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
CHANGES IN DIRECT SPENDING AND REVENUES											
Estimated Outlays	3,165	4,730	0	0	0	0	0	0	0	0	0
Estimated Revenues	0	145	295	315	255	190	145	55	0	0	0

If you require additional information on this estimate, we will be pleased to provide it. The CBO staff contact is Christina Hawley Sadoti, who may be reached at 226-2820.

Sincerely,

Douglas Holtz-Eakin
Director

cc: Honorable Kent Conrad
Ranking Member

Honorable Charles E. Grassley
Chairman
Committee on Finance

Honorable Max Baucus
Ranking Member

Identical letter sent to the Honorable Jim Nussle.

May 27, 2003

Honorable Jim Nussle
Chairman
Committee on Budget
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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Sincerely,

Douglas Holtz-Eakin
Director

cc: Honorable John M. Spratt Jr.
Ranking Member

Honorable William "Bill" M. Thomas
Chairman
Committee on Ways and Means

Honorable Charles B. Rangel
Ranking Member

Identical letter sent to the Honorable Don Nickles.